

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2000-808

February 15, 2001

MAINE PUBLIC UTILITIES COMMISSION  
Standard Offer Bidding Process

ORDER DIRECTING BANGOR  
HYDRO ELECTRIC COMPANY  
TO CONTRACT FOR  
WHOLESALE POWER SUPPLY  
AND ESTABLISHING  
STANDARD OFFER PRICES  
(Part I)

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WELCH, Chairman; NUGENT and DIAMOND, Commissioners

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In this Order, we direct Bangor Hydro-Electric Company (BHE), pursuant to Chapter 301, § 8(B)(2) of our rules, to enter into a wholesale power supply contract with a supplier that bid in BHE's recently concluded solicitation process. The wholesale power contract will provide a portion of the supply necessary for BHE to serve as the standard offer provider for the residential/small non-residential and medium non-residential classes in BHE's service territory. We also establish the standard offer prices that will be charged the residential/small non-residential and medium non-residential customers effective March 1, 2001.

The Commission issues this decision in two parts. In this Part I Order, we generally describe our decision directing BHE to enter into the power supply contract and announce the standard offer prices for residential/small non-residential and medium non-residential customers. In our Part II Order, we will describe in greater detail the power supply arrangement, the future power supply procurement strategy for BHE to follow, and our reasoning in approving the contract and adopting the strategy. We will also describe our reasoning in setting the standard offer prices we announce in today's Part I Order.

When the Commission terminated its Chapter 301 bid process on December 22, 2000, among other things, we directed BHE to explore wholesale power supply arrangements that would permit BHE to serve as the standard offer provider for its service territory beginning March 1, 2001. On February 2, 2001, we directed BHE to provide standard offer service in its service territory for the period beginning March 1, 2001. We also directed BHE to enter into a 6-month power supply contract and described the strategy and direction that BHE should follow in procuring the power supply necessary for BHE to provide standard offer service to the small and medium classes.

In our February 2 Order, we did not set a termination date for the period BHE would serve as standard offer provider, because BHE was still exploring power supply bids for periods of up to 36 months from March 1, 2001. In a filing made today, BHE

recommends that the Commission direct it to enter into another power supply contract as a result of an ongoing bid process that required final bids earlier today. BHE recommends that the Commission direct it to enter into the proposed contract attached to its filing, with the supplier that is winning bidder. The winning bidder's offer would supply bulk energy for the 12-month period beginning March 1, 2000 (year 1) and the next two 12-month periods, beginning after February 28, 2002 (years 2 and 3). In combination with the power supply contract approved on February 2, the energy offered by the winning bidder is expected to equal approximately 80% of the anticipated standard offer load for the small and medium classes for year 1, approximately 60% of the anticipated standard offer load for the small and medium classes for year 2, and approximately 40% of the anticipated standard offer load of the small and medium classes for year 3. Consistent with the current forward electricity prices, the winning bidder offers energy at lower cost in years 2 and 3 compared to year 1.

We conclude that the power supply contract with the winning bidder complies with our general directions to BHE in our February 2 Order, and constitutes a reasonable and prudent power supply acquisition for BHE to provide standard offer service.

We set standard offer prices for the 12-month period, beginning March 1, 2001, so that the prices reflect the underlying actual and estimated supply costs to BHE, except that we adjust the first year power supply contracts by levelizing the lower costs of the second and third year contracts with the first year contract costs. We also include an amount in the price to collect the current estimate of last year's standard offer under collection over the next 12 months. We maintain the same percentage seasonal differentiation as last year's medium class standard offer price. The standard offer costs as described above produce an average price of 7.3¢ for both the residential/small non-residential and medium non-residential classes. The single, average price will be used for the residential/small non-residential class. The medium non-residential class price will be seasonally differentiated as described above.

Accordingly, we

## O R D E R

1. Bangor Hydro-Electric Company to execute the power supply contract attached to its February 15 filing;
2. That the Commission finds that Bangor Hydro-Electric Company has acted prudently in negotiating and executing the contract attached to its February 15 filing;
3. That the Commission finds Bangor Hydro-Electric Company's decision, at this time, to not contract for the other electricity products necessary for BHE to serve as the standard offer provider for the residential and small non-residential and medium non-residential standard offer classes, other than the contract approved in the

Commission's February 2 Order and the contract approved by this Order, to be prudent; and

4. That the standard offer prices for the residential and small non-residential standard offer customer class effective March 1, 2001 will be \$0.073 per kWh and that the standard offer prices for the medium non-residential standard offer customer class will be:

Summer (June-August)	\$0.08498
Non-summer	\$0.06889

Dated at Augusta, Maine, this 15th day of February, 2001.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR:      Welch  
   Nugent  
   Diamond

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Civil Procedure, Rule 73, et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.